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C O N F I D E N T I A L SECTION 01 OF 02 TUNIS 001456

SIPDIS

STATE FOR EB, NEA/PI (FRANCESKI), AND NEA/MAG (LAWRENCE)
COMMERCE FOR CLDP (MARC TEJTEL), ITA/MAC/ONE (DAVID ROTH),
AND ADVOCACY CENTER (CHRIS JAMES)
CASABLANCA FOR FCS (GAIL DEL ROSAL)
STATE PLEASE PASS USTR (DOUG BELL) AND USAID (METZGER)

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SUBJECT: AMBASSADOR REACHES OUT TO TUNISIA'S SECOND CITY -
SFAX - THE ECONOMIC ENGINE

Classified By: Ambassador William J. Hudson; Reasons: 1.4(b),(d)

1. (U) Summary. Ambassador and Econoff traveled June 27 to Sfax, Tunisia's second largest city and the economic hub, to deliver messages on USG economic and political reform policies, on our latest development under our trade and investment dialogue, and to survey USG assistance to Sfax's high-tech industry. Econoff also met with Chamber representative to discuss possible collaboration on a workshop on E-commerce to stimulate potential for additional U.S. trade and investment and modernization of Tunisia's services sector. End Summary.

Ambassador Encourages Political Reform in Tunisia

2. (U) In his first meeting with recently appointed Governor of Sfax, Ali Ksiksi, the Ambassador drew Ksiksi's attention to Secretary Rice's recent speech in Cairo to emphasize that democratic movements are reshaping the region and that USG support of political and economic reforms are paramount policy priorities. The Ambassador also emphasized key points from President Bush's second inaugural address that "America will not impose our style of government on the unwilling. Our goal instead is to help others find their own voice, to attain their own freedom, and to make their own way."

3. (U) Ksiksi reacted by noting that Tunisia is a country that has drawn on diversity throughout the millennia from Phoenician, Carthaginian, Roman, Muslim, and Berber civilizations, among others, and that Tunisians are "calm people" who avoid sudden or dramatic political shifts. Ksiksi did, however, concede that he expected to see "new faces" emerging out of this coming weekend's elections that will create a second house in Parliament, the Chamber of Counselors (septel). Ksiksi, portraying Tunisia as a meritocracy, also noted his own humble origins, coming from a modest family of seven children, making his way through diligent study to become a medical doctor and then a government official (see more in bio note below).

Sfax Chamber of Commerce and Update on Trade and Investment

4. (U) The Ambassador also addressed a luncheon hosted by the Sfax Chamber of Commerce in which he updated approximately thirty-five members of Sfax's business and governmental community on the recent Trade and Investment Framework Agreement (TIFA) Council held in Tunis, June 15, led by Assistant U.S. Trade Representative Catherine Novelli and her counterpart Minister Jouini (reported reftel). Questions from the luncheon centered on how Tunisian interests could be served from a Free Trade Agreement with the U.S., what products would find welcome markets in the U.S., and how greater trade with the U.S. would impact local economic conditions, especially unemployment.

5. (C) Interlocutors in Sfax spoke frankly with the Ambassador in side-meetings, noting that they are increasingly frustrated with the current state of doing business in Tunisia. (Note: Comments reinforce a growing perception that corruption, influence from Presidential in-laws, and administrative difficulties continue to make doing business ever-more complicated. End note.)

Tunisia's Technological Aspirations

6. (U) Following lunch, University of Sfax representatives presented one of the proposed sites for installation of USAID-funded Sun Microsystems computer equipment and accompanying software and training. The facilities are nearing construction completion and should be finished in several months in time for fall courses. Kim Jefferson, an independent program review analyst for USAID, also accompanied the Ambassador. Jefferson noted the key integration of concepts learned during a prior USAID-funded information technology study tour for members of Sfax technology community to Baltimore, Md. in spring 2004. That tour aimed to introduce how information technology research centers and training labs are preparing university students for gainful employment and job-creating industries.

17. (U) The Ambassador also visited the Sfax Technology Park, which received USAID funding for its design study for the Park, and its technology incubator. The Sfax Tech Park has been developing in accordance with the USAID plan, with the incubator nearing completion and nearly ready for occupancy. USAID is providing a last tranche of assistance for a business plan that will aim to bring private sector technology companies and research institutions to the Tech Park.

18. (U) On July 28, Econoff met with Sfax Chamber of Commerce and Junior Chamber of Gremda representatives to discuss plans to conduct a Department of Commerce Business Facilitation Incentive Fund (BFIF) workshop on E-Commerce in September 2005. We believe that Sfax, with a vibrant Chamber and notable entrepreneurial flair, will offer a receptive audience for the workshop, which will aim to share technical expertise and foster a more open services sector. Key will be reinforcing the potential for job creation, Tunisia's top domestic issue, and more open access to information.

Comment

19. (SBU/NF) Our interlocutors in Sfax, a southeastern port city of over half a million, are notably less jaded than some of our GOT-connected contacts in Tunis; they were receptive and eager to exchange thoughts about the prospects of a Free Trade Agreement and other bilateral issues, including reform. We found that reaching out to this important but lesser-visited area of Tunisia offered a fruitful opportunity to engage local leaders who are potentially less subject to the political constraints, control, and monitoring from Carthage and the RCD machine. We also feel that continued U.S. funded assistance, whether under MEPI, remaining USAID mechanisms, or newly-developing OES initiatives results in better U.S. public diplomacy outreach for areas that have scant U.S. presence, but which by our first-hand accounts are much more willing to receive and acknowledge our overtures.

Biographical Note: Sfax Governor Ali Ksiksi

10. (U) Ksiksi (DOB: 28 Nov 1954) became governor in November 2004 following October 2004 national elections and appointment reshufflings. Ksiksi previously served as governor of the governorates of Tozeur and Jendouba, and as Mayor of Medennine. Ksiksi is a medical doctor and spent seven years studying in the former Soviet Union. Ksiksi speaks fluent French and some English, is married, and has three children.
HUDSON